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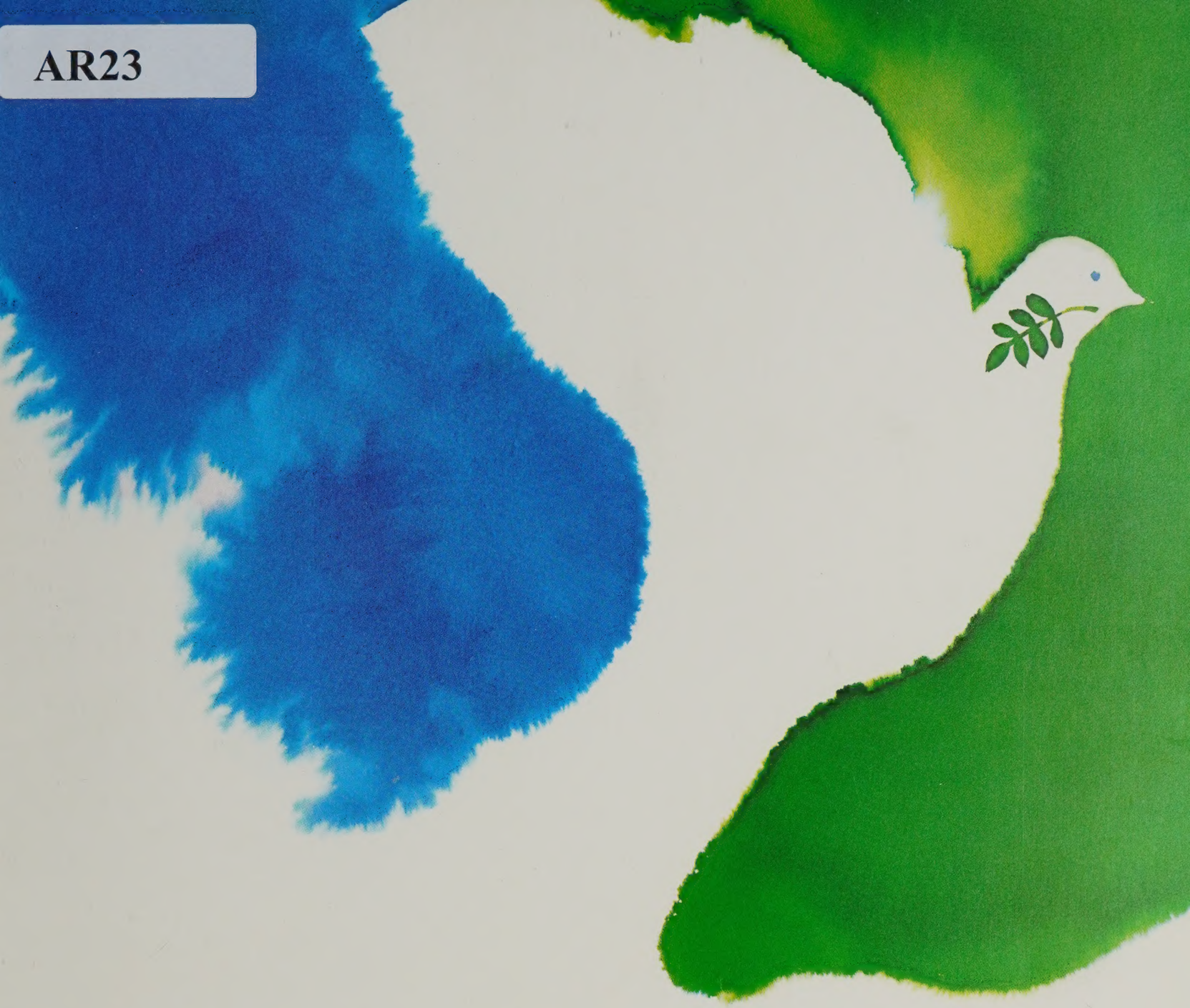
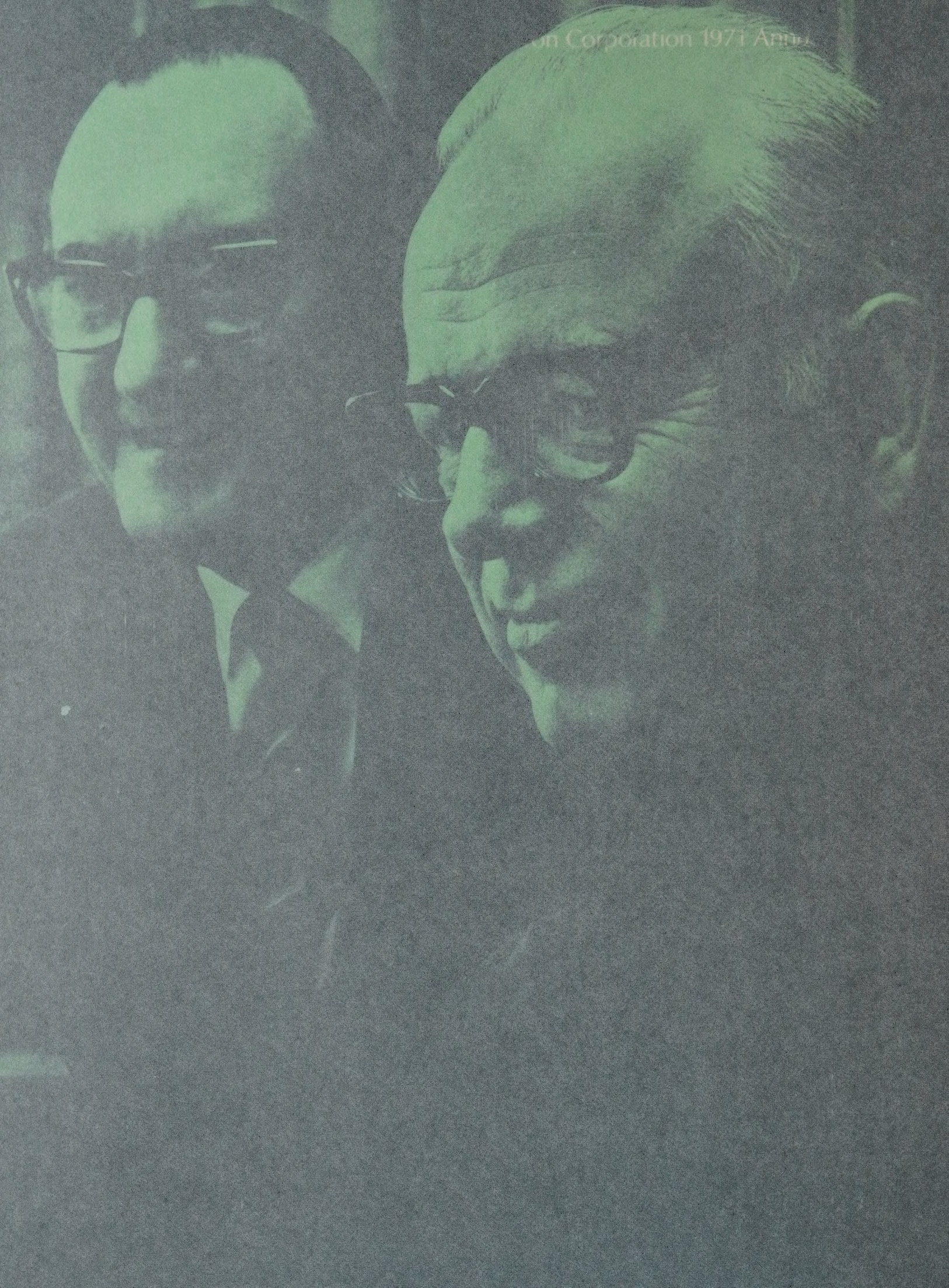


Sybron Corporation 1971 Annual Report

The cover represents man's universal desire for peace and our hope that the products we produce will make a contribution to improving the quality of man's life.

Right Donald A. Gaudion, Chairman and Chief Executive (left), and William G. vonBerg, President.



To Our Shareholders:

We are pleased to report that 1971 was a record year for Sybron.

Sales for the year were $355,394,000, compared to $338,239,000 in 1970. Income from operations was $17,473,000, or $1.48 a share, compared to $16,421,000, or $1.38 a share in 1970. Incoming orders were $350,721,000 in 1971 and $340,571,000 in 1970.

Our excitement with this record is tempered by our realization that this earnings improvement is still far below what we think Sybron is capable of producing. It is extremely frustrating to have many of the internal gains of the past several years blunted by a weak U.S. economy and by persistent inflationary pressures.

Health, Chemical Businesses Continue Strong

Most areas of our health business were strong and helped our overall performance in 1971. There was a modest improvement in our U.S. process instrumentation business during the year, while process equipment orders in the United States remained at a low level. Textile chemical sales were strong and marine chemicals were below expectations.

Our overseas business also was mixed. Large backlogs helped many of our operations to achieve record performances despite lower orders. However, because of labor disruptions in Germany and Great Britain, year-end totals in Europe were below projected levels.

Economic Recovery Will Help Performance

Looking ahead, we do not expect any immediate changes in our markets. We do, however, share in the consensus that the U.S. recession is bottoming out. We are also confident that Sybron will participate fully in the new prosperity as a general economic recovery gets under way.

We are also encouraged by recent events on the international scene—the steps taken to correct domestic and world economic imbalances, continuing military disengagement in Southeast Asia, the opening of a dialogue with mainland China and other efforts aimed at lessening world tensions.

It will be some time before the full effects of these moves are felt. It does appear, however, that we may be on the threshold of a new period of relative economic and political stability, with major world powers devoting more of their resources to the constructive pursuits of peace. We would expect an improvement in the international political climate to have a positive impact on our growth.

Financial Highlights

	1971	1970[1]
Operations:		
Net sales	$355,394,000	$338,239,000
Income before taxes and extraordinary item	33,373,000	31,484,000
Federal, state and foreign taxes on income	15,900,000	15,063,000
Income before extraordinary item	17,473,000	16,421,000
Extraordinary item		(3,500,000)
Net income	17,473,000	12,921,000
Financial position—at December 31:		
Current assets	$200,810,000	$198,875,000
Current liabilities	84,586,000	89,520,000
Working capital	116,224,000	109,355,000
Long-term debt	57,111,000	60,921,000
Properties—net	65,299,000	63,848,000
Shareholders' equity	152,031,000	141,337,000
Per share information:		
Income before extraordinary item	$1.48	$1.38
Extraordinary item		(.36)
Net income	1.48	1.02
Dividends paid per common share	.60	.60
Dividends paid per preferred share	2.40	2.40
Book value per common share	12.67	11.68
Number of shares outstanding—at December 31:		
Preferred	1,216,351	1,196,553
Common	9,885,199	9,848,139

[1]Restated to include companies acquired in 1971 on a "pooling of interests" basis.

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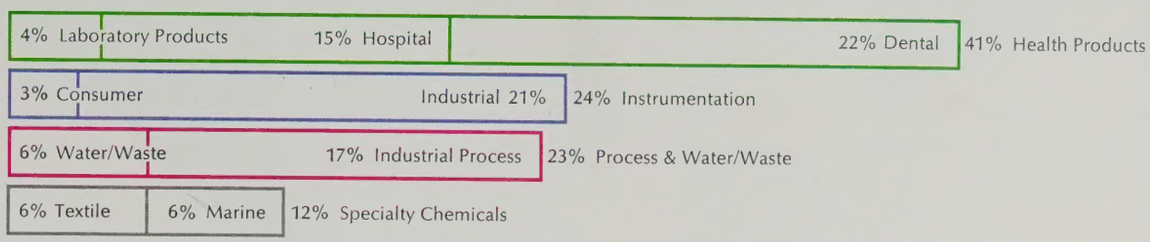
Records Sales increased in 1971 as they have every year since 1960. Earnings and orders were also at record levels in 1971.

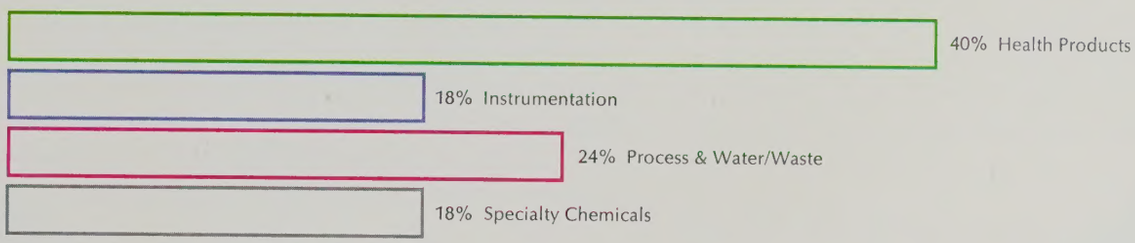
Health Products Continue as Largest Sybron Business

The following charts profile our sales and earnings experience in 1971. Additional information on lines of business—including a five-year breakdown of sales and earnings contributions—is contained in the Financial Review section, pages 13-18.

Net Sales / by lines of business
(% of corporate total)

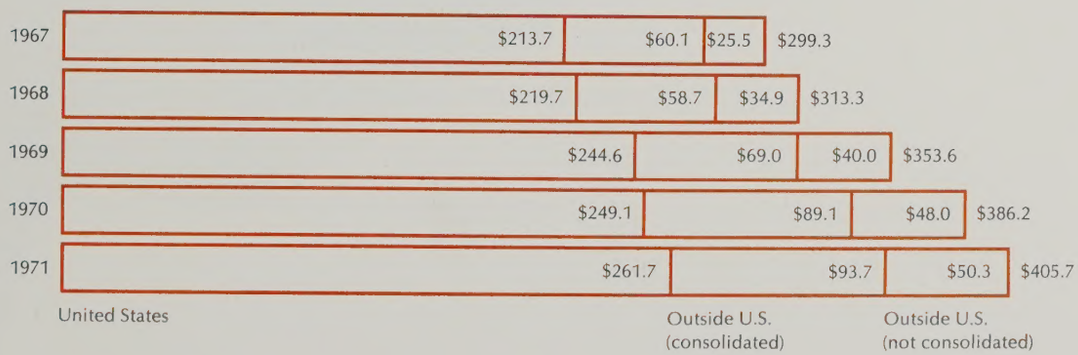


*Pre-tax Profits / by lines of business
(% of corporate total)



*Percentages are calculated after allocation of general expenses to the several lines of business. The percentages, particularly for process and water/waste treatment equipment and specialty chemicals, are also affected by the inclusion of income from affiliated companies whose sales are not included in consolidated figures.

Worldwide Sales / 1967-1971
($ Millions)



Peace Demand for our products should increase as major world powers devote more of their resources to improving the welfare of man.

New Organization Will Strengthen Market Position

In preparation for a major thrust in growth in our global markets, we established, effective January 1, 1972, a new organization whereby all units report through worldwide product groups. Formerly our divisions and subsidiaries were organized in three geographic area groups and five product groups.

There are now four product groups: Instrument, Chemical, Process Equipment and a new Health Group created by the consolidation of the Scientific Products Group (hospital equipment) and Professional Products Group (dental) and several related overseas operations.

The organization brings together operations with similar technologies and common product and market interests, enabling them to share strengths with each other around the world.

This step is another in a series taken over the past decade to build an international company in markets with above-average growth potential. During that period, we have moved from a narrow product-market base to a company firmly based in four businesses; we have undertaken a major expansion of our physical plant; we have accelerated our product development efforts and we have added strength and depth to our management group. All of these steps were undertaken because we are convinced that there will be steady expansion of our basic businesses.

Four Businesses Are Global in Scope

Of these businesses, *health* continues as our largest. Last year, it accounted for $145,298,000 in sales, compared to $137,766,000 in 1970. Included is a full line of dental equipment and supplies, hospital and medical equipment and laboratory products.

Instrumentation accounted for $84,949,000 in sales last year and $81,240,000 in 1970. The major portion of this business is for industrial applications, but a growing and profitable segment involves instruments for the home, office and scientific laboratories.

Process equipment and water and waste treatment business accounted for 23 percent of our total business in 1971, or $80,632,000. In 1970, our sales in this business were $78,698,000. A large share of this business is specialized equipment used in the processing of such basic products as chemicals, drugs and plastics. Also in this category is equipment used by industrial firms and by municipalities to treat water and solve the problems of pollution.

Specialty chemicals, our smallest but fastest growing business, accounted for $44,515,000 in sales last year, compared to $40,535,000 in 1970. These are chemicals for textile and marine applications and for special industrial uses such as in the manufacture of floor polishes, photographic supplies and similar products.

U. S. Business Showed Mixed Picture in 1971

Our U.S. divisions and subsidiaries reported total sales of $261,704,000, or 74 percent of consolidated sales in 1971.

Business in the health field in the United States was generally good in 1971. Dental equipment sales were up; both sales and earnings from dental sundries set records. Our dental labs also reported a good year.

Sales of hospital and medical equipment were up although there was some slowdown in incoming orders as the year progressed.

Our laboratory products used in the medical field continued to sell at a good level. There was, however, little change in the demand for other laboratory products, with sales essentially on a plateau because of the continued low level of government funding.

Consumer Instrument Business Sets Records in 1971

The U.S. industrial instrumentation market in 1971 was soft most of the year. The earnings picture from this segment of our business, however, improved over 1970 primarily because of firmer prices, greater operating efficiencies and tighter cost controls. We do not expect any major surge in buying by process instrumentation users until late 1972 or early 1973.

Our consumer products division once again established record sales and earnings as aggressive sales promotion activities helped boost demand

Overseas International business has helped us during a period of weakness in the U.S. economy. We expect overseas markets to become increasingly important in the years ahead.

for consumer and medical instruments. This was the fourth straight record year for the division. We expect another excellent year in 1972.

Process Equipment Business Continues Slow Pace

Process equipment orders in 1971 were at the lowest level in many years as the chemical industry in the United States continued to postpone major plant expansions. We believe we are now in the trough of the buying cycle and expect an upward trend in sales to develop later this year or early in 1973.

The general hesitation of many industrial companies to commit to capital projects also affected our water and waste treatment equipment business. As a result, industrial sales of water and waste treatment equipment were below expectations. On the other hand, business from utilities was greater than expected, and purchases by municipalities continued to grow. We significantly strengthened our position in this segment of the market with the acquisition of F. B. Leopold Co. Leopold serves the fast growing municipal water treatment field and has an excellent record for product innovation and earnings growth.

Textile Business Pushes Chemical Sales to Record

Business from the textile field has accounted for much of the rapid growth of our specialty chemical volume. Despite the continuing economic weakness in the textile industry, our sales to this market were very strong during 1971. We expect this trend to continue in 1972. The marine chemical business, on the other hand, was below expectations because of strikes in major U.S. ports and other work stoppages in the marine industry around the world. Water and waste treatment chemicals continued strong, while other specialty chemicals sold to industrial users were off slightly during the year. We expect an improvement in both the marine and industrial markets in 1972.

Overseas Sales Increased in 1971

Operations outside the United States accounted for 26 percent of consolidated sales in 1971, compared to 27 percent in 1970. In addition, sales by operations outside the United States not consolidated in our 1971 year-end figures totaled more than $50 million.

Work Stoppages Affect Business in Europe

In Europe, demand for our health products was excellent. However, general labor unrest in Germany affected our operations, with our dental division unable to meet shipment schedules by year end. As a result, earnings were substantially below our objective in that operation.

Large backlogs enabled our process equipment divisions in Germany and Scotland to maintain shipments above 1970 levels despite a decline in orders in 1971. The general work stoppage in Germany did affect shipments in the last quarter.

Our instrumentation business in Europe was below expectations, with incoming orders off and general labor unrest also disrupting shipment schedules.

We do not look for any immediate change in Europe, with the general falloff in industrial equipment and instrumentation sales expected to continue through much of 1972.

Waste Treatment Equipment Sales Increase in Asia

In Asia, the same general business conditions applied. Shinko-Pfaudler Company, Ltd., our 45 percent-owned affiliate in Japan, reported that a decline in process equipment orders was offset by an increase in water and waste treatment equipment. This trend is expected to continue, with overall sales remaining relatively flat in 1972.

An indication of the surge in water and waste treatment equipment buying is Shinko-Pfaudler's 1972 sales projection of $25 million in this equipment. This compares to virtually no sales ten years ago.

Our health products business, which has been at modest levels in Asia, continued to grow as we extended our product line and broadened market coverage. Industrial process instrumentation sales were also up.

Markets Our businesses should continue to grow as people everywhere demand better health care, a cleaner environment, improved living standards.

In Latin America, which accounted for less than 2 percent of consolidated sales last year, business was mixed. A change of the national administration in Mexico caused some uncertainty, and industrial customers reduced spending. While some operations were down, our largest unit, Pfaudler Permutit S.A. de C.V., had a record year in 1971.

We expect an increase in sales in all lines throughout Latin America as we extend our product coverage, with particular emphasis on chemicals and water and waste treatment equipment.

Record Amount Budgeted for Research

One of our major goals over the past several years has been to step up significantly the pace of product development programs in our divisions. We are continuing that emphasis in 1972 with a research and development budget of $14,400,000, compared to $12,700,000 in 1971.

A major corporate priority for our R&D efforts is process instrumentation, a market which we expect to be among the fastest growing in the world. We are accelerating funding in this part of our business to enable us to take full advantage of our size as one of the largest producers in the field and of our worldwide marketing strength.

U.S. and European Units Introduce New Line

There were important product developments in this field last year. In a major updating of its line, Taylor introduced a complete line of electronic control instrumentation which will account for several million dollars' volume over the next few years. This is the first major instrument line to be introduced by Taylor simultaneously to both the U.S. and global markets.

Taylor also saw the startup last year of its first major digital computer control systems. Included were a system in the paper industry for control of two paper machines with total capacity of more than 1000 tons of paper per day, and a system in the textile industry employing two computers controlling 25 dye machines.

Kerr Looks to New Markets for Products

While all our divisions continue to emphasize the development of products for their traditional markets, many are also looking to associated areas where they might extend coverage. For example, our Kerr division was particularly successful last year in extending its standard dental sundries line with the introduction of color-coded endodontic instruments, a new impression material and a dental cement. At the same time, however, Kerr used its position in the dental supply business to investigate the potential for sales in preventive dentistry. The use, both in the home and in the dentist's office, of new techniques and products to prevent caries is expected to grow rapidly. This major growth area in dentistry is one which Kerr could serve effectively.

Ritter Moves into Mobile Health Care Market

The situation is similar at our Ritter division, which has used its expertise in both the dental and medical fields to develop a foothold in a new area. Recognizing a need for new methods to deliver health care, Ritter formed a new mobile health division and sold its first mobile vans last year. Ritter mobile clinics—with fully equipped dental operatories and ancillary services—are now in operation in Kentucky, West Virginia and Baltimore, Maryland.

Our Castle division's major product emphasis last year was in the expansion of existing product lines and the development of peripheral products for its materials-processing systems. Engineering on the Cyberail materials-handling system was completed by Castle. The first installation of Cyberail—at the Cleveland (Ohio) Metropolitan Hospital—is expected to be on-stream by early summer. An installation at the new medical center of the University of Connecticut is scheduled for completion in 1973.

Our Nalge division is planning a variety of new laboratory products for industrial and medical use as well as for the education and ecology markets. Last year, Nalge added three major products including a new glass-clear, unbreakable plastic lab jar, Dewar flask for safe handling of cryogenic materials such as liquid nitrogen and a new Teflon FEP separatory funnel.

Outlook Government efforts to stimulate demand and restore confidence should begin to have an effect in 1972, with the forces of recovery well under way by 1973.

Thermolyne Introduces Products In Education, Health Fields

Like many of our divisions, Thermolyne expects new products to play an important role in increasing sales in 1972. Among the new products is a hot plate designed especially for school laboratories, Thermolyne's first thrust into the secondary school market. Thermolyne strengthened its product line for the clinical market with the addition of Auto-Stainer, a special type of equipment which automatically stains cytology and histology slides used in diagnostic tests in hospitals, clinics and private laboratories. In the past, staining was a laborious hand operation.

New Textile Chemicals Announced by Tanatex

The rapid change in market needs and the importance of product development programs are nowhere more evident than in our textile chemical business. At our Tanatex division, textile chemicals developed over the past four years accounted for more than 40 percent of the 1971 volume. Last year, Tanatex announced several important products including a new liquid chemical carrier used in dyeing polyester carpets, new carriers for the textured polyester dyeing market, and a new fiber lubricant.

Our Jersey State Chemical division developed MaceGard™, a new durable finish to prevent snagging and sagging in polyester double knit and warp knit fabrics.

The Ionac division serves other industrial markets with its specialty chemicals. New products introduced to the market in 1971 are expected to have a strong impact on Ionac's volume in 1972. Developed were specialty solid polymers used as polyvinyl chloride additives to improve processing in the fabrication of bottles, film and similar products. Also introduced last year were other multifunctional chemicals for use as cross-linking agents in the manufacture of textiles, paper, adhesives and protective coatings.

Gamlen Extends Coverage Beyond Marine Chemicals

Gamlen is also exploring new fields, emphasizing applications in the petrochemical processing, petroleum, pulp and paper and waste treatment industries. This activity was accelerated in 1971 as a series of strikes in major world ports affected sales of marine chemicals, Gamlen's major product line.

The worldwide emphasis on pollution abatement has stimulated Gamlen's product development efforts in fuel additives to reduce stack emissions and marine and industrial chemical solvents for cleanup of oily surfaces.

Of course, our largest division serving the pollution abatement market is Permutit where major product development efforts continue to focus on equipment using reverse osmosis. In 1970, Permutit introduced its first industrial treatment systems using reverse osmosis components under an agreement with DuPont. Reverse osmosis systems have been sold to several large U.S. customers and are now being introduced in major overseas markets to supply local water needs from high-solid content or brackish water sources.

Divisions Work Together in Product Development

There were a number of cooperative ventures last year in which one division used the particular expertise of another. For example, our Tanatex division used its chemical background to develop a non-polluting detergent for hospitals which Castle is now marketing through its regular distribution channels. A high-temperature furnace, developed by Thermolyne from its standard laboratory product line, is being sold under the Kerr name as part of that division's growing artcraft business.

An improved Nucerite® ceramic-metal and an encapsulated temperature sensor for chemical reactor vessels, both based on work by Pfaudler-Werke A.G., our German subsidiary, were introduced to the U.S. market by our Pfaudler division.

We have expanded our coverage of the textile finishing market by using the Tanatex marketing organization to handle Jersey State's finishing chemicals as well as its own dyeing products.

We expect the number and importance of these interdivisional efforts to increase as our new worldwide product line organization opens new channels of communications and cooperation.

Looking Back—Solid Achievement

It is impossible, of course, to cover in a few pages of an annual report all of the activities in a corporation the size of Sybron. Our hope is that this summary will give an insight into the growth potential of Sybron that cannot be gained by a quick scanning of earnings results over the past five years.

We have indicated in previous reports that our performance must be judged ultimately on the basis of earnings growth. But we also feel that the record of achievement of our entire organization in other areas should not go unnoted during a period when earnings-per-share growth is stalled temporarily.

What are these achievements? In the brief span of a few years, we have built a cohesive business from a number of highly successful but relatively diverse companies. Most importantly, during this delicate melding period we have maintained control of operational results and earnings have been sustained despite severe economic pressures. We have revitalized management in many of our operations. And we have corrected those situations where it was evident that division management was inadequate to the task. As a result, we expect any turnaround in these operations to buoy earnings.

We have also maintained spending programs which we feel are vital to long-term growth. The rebuilding of our physical plants is the most tangible evidence of these efforts. We have spent more than $50 million on plant improvements in the past five years, and will add another $11 million in capital expenditures in 1972. Even more important, however, are the very large investments—in people and in money—that we have made to strengthen our marketing and product development programs and our management organization.

One of the reasons we have been confident during this difficult period is the record of our health, specialty chemical and consumer product businesses. All have continued to grow despite the prolonged stagnation of the U.S. economy. Also, progress of our international operations is good evidence of the competitiveness of our broad product lines.

Looking Ahead—Renewed Growth

When will this pay off? In the short term—as an upturn develops we would expect earnings to run ahead of volume as they have done in the past on upswings. Looking further ahead, we see no reason why our businesses—tied as they are to a peacetime world economy—cannot continue above-average growth into the Eighties.

Specifically, we think that the government's efforts to stimulate demand and restore confidence will begin to have an effect in 1972, although we do not anticipate any immediate change. Rather, we think the short-term outlook is for a continuation of the trends of 1971 which we touched on earlier, bolstered by a gradual recovery in the national economic climate. By 1973, however, we think the forces of recovery will be well under way, contributing to a strong improvement in our overall operations.

We cannot close our report on 1971 without paying special tribute to F. Ritter Shumway who retired in April 1971 as chairman and chief executive. Mr. Shumway had served more than 37 years with Sybron and its predecessor companies. He continues as honorary chairman, director and member of the executive committee.

We also acknowledge the efforts of all our employees who helped our company to new records in a difficult and challenging year.

For the Board of Directors

D. G. Sanders

Chairman and Chief Executive

W. S. von Berg

President

On March 9, 1972, the Corporation signed an agreement with Doric Corporation, Oklahoma City, Okla., under which Doric will acquire our Patterson Dental subsidiary for $20,000,000 in cash. The agreement will be submitted to Doric shareholders on April 27, 1972 for approval. Closing of the agreement will be May 1.

We do not expect the loss of Patterson to have a significant impact on our operating earnings. Additional information is contained on pages 18 and 28 in the financial section of this report.

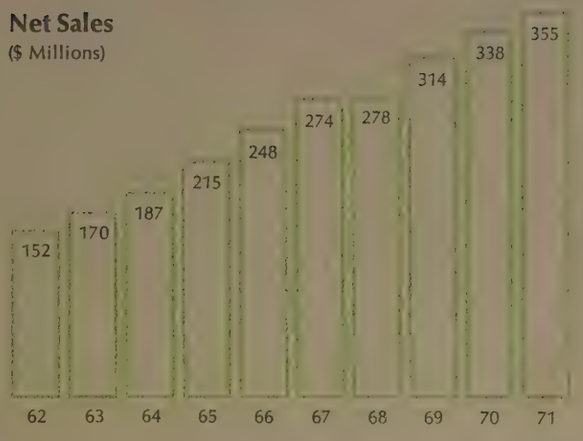
Right Meeting of Administrative Committee at corporate headquarters.

Sales, earnings and incoming orders were at record levels in 1971.

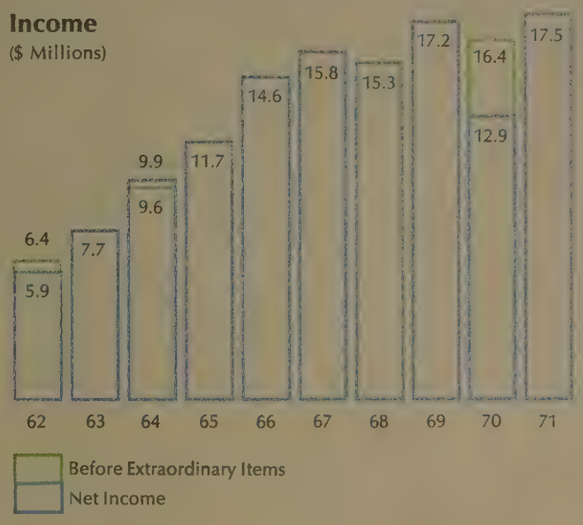
Income from operations in 1971 was $17,473,000, or $1.48 a share, compared to $16,421,000, or $1.38 a share, in 1970. An extraordinary charge of $3,500,000 reduced income in 1970 to $12,921,000, or $1.02 a share.

For comparative purposes, the results of operations for 1970 have been restated to include the operations of five companies acquired in 1971 on a "pooling of interests" basis. Earnings per share are based on an average of 9,863,109 and 9,827,672 common and common equivalent shares outstanding during 1971 and 1970 respectively, after deducting preferred dividends of $2,899,000 in 1971 and $2,868,000 in 1970 from net income. If convertible debentures were converted into stock and outstanding stock options were exercised, fully diluted net income per share for 1971 and 1970 would be $.02 less in each year.

Net Sales
($ Millions)



Income
($ Millions)



Sales

Consolidated net sales in 1971 amounted to $355,394,000. This compares with $338,239,000 on a restated basis for 1970. Shipments by U.S. units were $261,704,000 in 1971, compared to $249,072,000 in 1970, while sales by units outside of the United States were $93,690,000 in 1971, compared to $89,167,000 in 1970.

The sales of our 50% owned companies and our 45% owned affiliate in Japan, Shinko-Pfaudler Company, Ltd., were $50,322,000 in 1971 and are not included in consolidated sales. On a worldwide basis, total sales, including those of our affiliated companies, amounted to $405,716,000 in 1971.

Orders

Incoming orders in 1971 were $350,721,000, compared to $340,571,000 in 1970. Backlog of unfilled orders at the end of 1971 amounted to $75,895,000, compared to $83,542,000 at the end of 1970.

Health Product Sales

Health products continue to account for the largest share of our total business. Sales of health products in 1971 were $145,298,000, compared to $137,766,000 in 1970.

Sales of dental equipment and supplies, which make up the largest segment of our health business, were $79,054,000 in 1971, compared t $72,537,000 in 1970. Included in these totals are sales of $30,251,000 in 1971 and $28,644,000 in 1970 by our dental retail subsidiary, Patterson Dental Co.

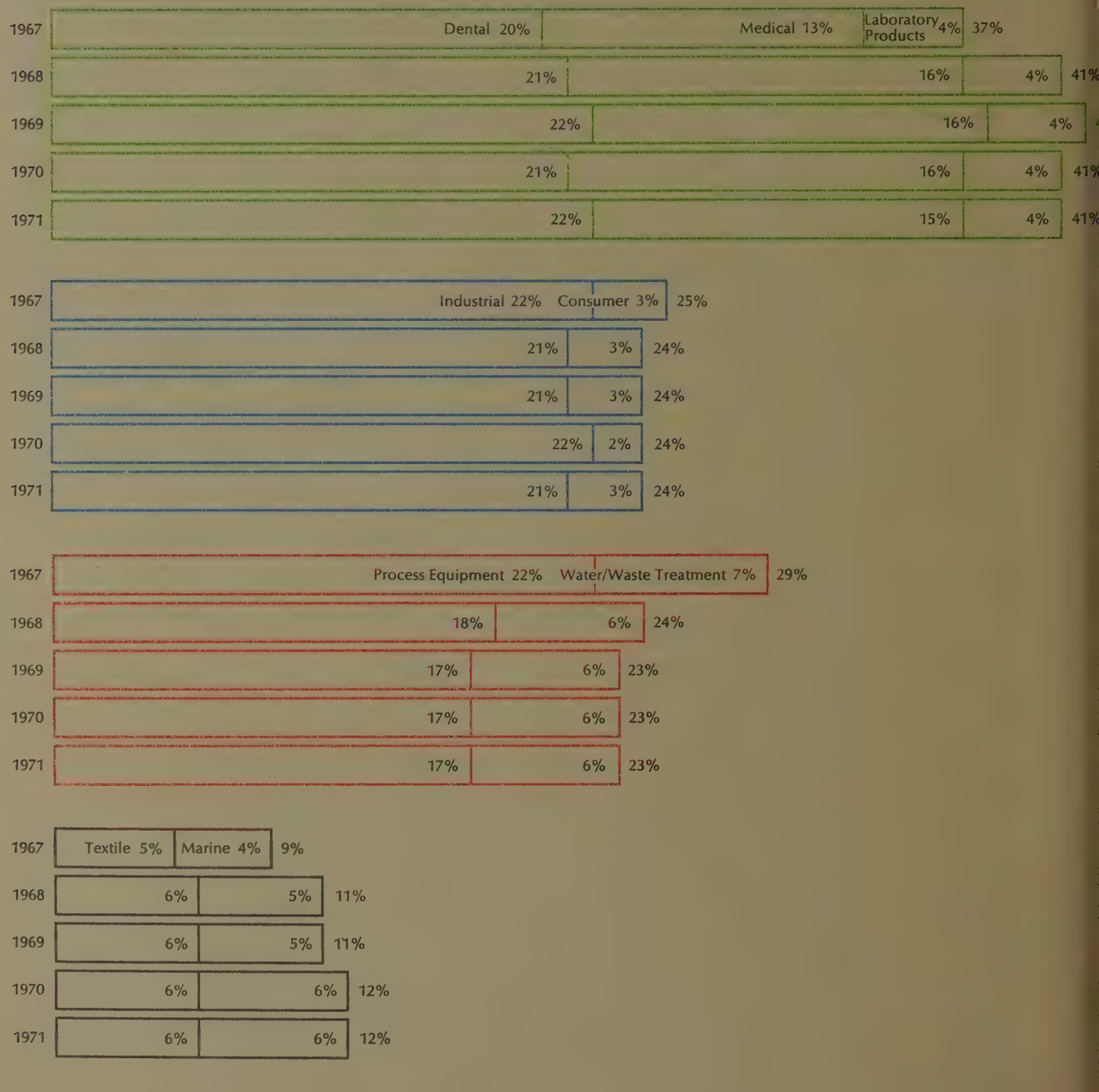
The other major portion of our health products business is medical. This accounted for $53,004,000 in sales in 1971 and $52,473,000 in 1970.

Sales of laboratory products last year were $13,240,000 and $12,756,000 in 1970.

Instrumentation Sales

Instrumentation—including industrial and

Net Sales / % of corporate total



consumer—represents our second largest market. Sales of these products were $84,949,000 in 1971, compared to $81,240,000 in 1970.

In 1971, industrial process instrumentation sales were $75,077,000, or 88 per cent of our total sales in this line of business. Sales of consumer instruments accounted for 12 per cent of total instrument sales last year, or $9,872,000.

Process Equipment Sales

Sales of process equipment, including both industrial equipment and water/waste treatment equipment, were $80,632,000, compared to $78,698,000 in 1970.

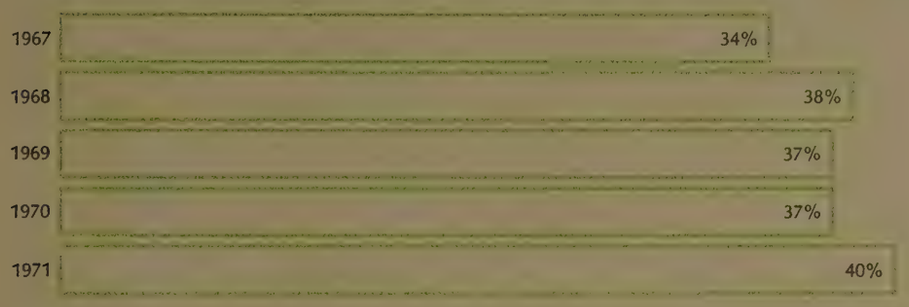
Industrial process equipment sales were $60,724,000 in 1971 and $57,803,000 in 1970. Water and waste treatment sales were $19,908,000 in 1971 and $20,895,000 in 1970.

Chemical Sales

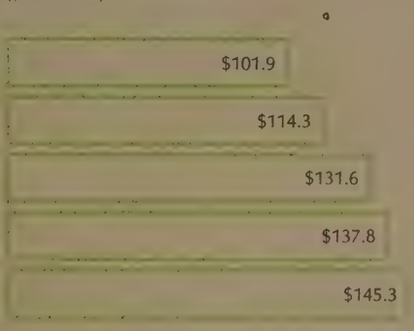
Our fourth major business is specialty chemicals with volume of $44,515,000 in 1971. This compared to $40,535,000 in 1970.

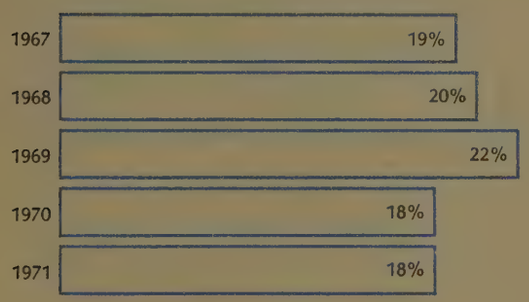
Sales of chemicals to the textile industry were $23,567,000 in 1971, compared to $20,976,000 in 1970. Sales of fuel additives and water treatment chemicals for marine and industrial applications were $20,948,000 in 1971 and $19,559,000 in 1970.

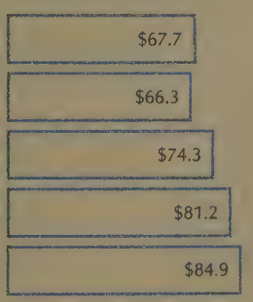
Income / % of corporate total
(before taxes and—in 1970—extraordinary item)

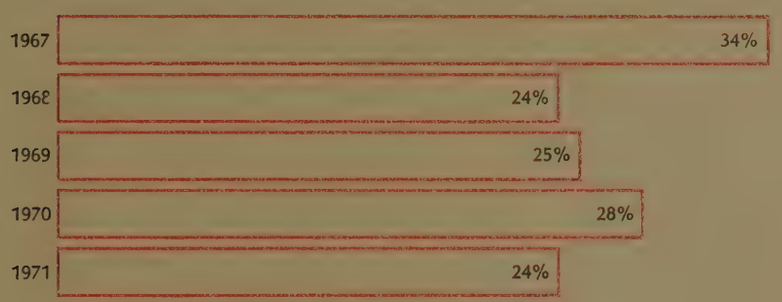


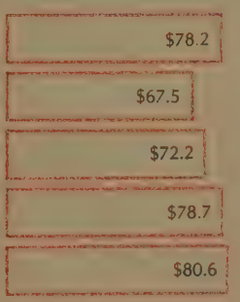
Net Sales
($ Millions)

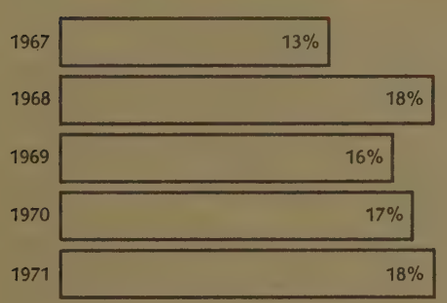


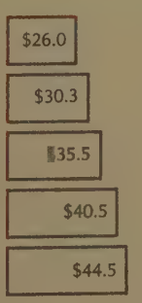


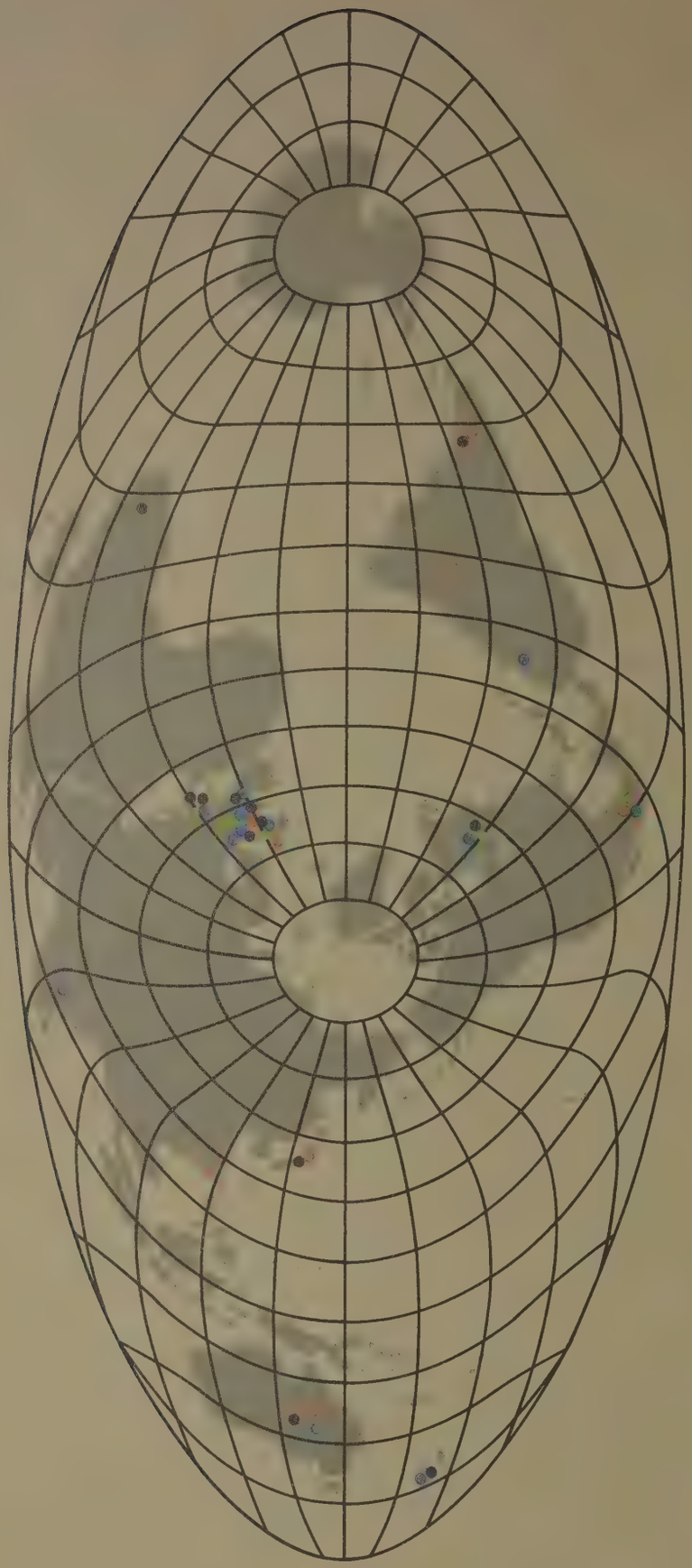












Divisions / Subsidiaries
(by lines of business)

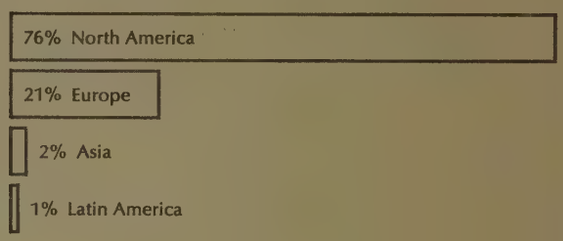
- Health
- Instrumentation
- Process, Water/Waste Treatment
- Chemical

International Operations

Operations outside the United States accounted for 35 per cent or $144,012,000 of Sybron's worldwide sales of $405,716,000 in 1971. These totals contain $93,690,000 of overseas consolidated sales and $50,322,000 from overseas affiliates not included in consolidated sales totals.

The Corporation's equity in the net income of several 50 per cent owned companies is included in consolidated net income. One affiliate, Shinko-Pfaudler Company, Ltd., is 45 per cent owned and its net income for the year ended September 30, 1971 totaled the equivalent of $1,570,000 after giving effect to provisions for losses on investments in and loan to a supplier of approximately $1,428,000 net of applicable taxes. On a 45 per cent basis, net income attributable to Sybron was $706,000. This amount, net of dividends of $191,000, is no included in consolidated net income. The dividend as well as license fees of $696,000 are included in 1971 consolidated net income. The Corporation's investment in Shinko-Pfaudler was carried in the Statement of Financial Position at $1,327,000.

Consolidated Sales / by area
(based on 1971 consolidated sales of $355,394,000)



Other affiliated companies, in which the Corporation has a 50 per cent interest, include several Tanatex operations in Holland, Brazil, Argentina, and Colombia, as well as Taylor Instrument Company (India) Ltd.

During 1971 progress was made in the orderly discontinuance of the hospital materials-handling system operations of a Swiss subsidiary. As of December 31, 1971, the reserve provided for such purpose in 1970 appeared to be adequate.

Financial Position

Working capital showed an increase in 1971 of $6,869,000 to $116,224,000, compared to $109,355,000 at the end of 1970. The ratio of current assets to current liabilities was 2.4 to 1 at the end of 1971 and 2.2 to 1 at December 31, 1970.

During 1971 the Corporation entered into agreements with two banks in the United Kingdom which provide for guaranteed access to the equivalent of $7,650,000 in pounds sterling for periods extending into 1976. At year end, amounts equivalent to $6,545,000 were borrowed under the agreements. In addition, certain other lending agreements with banks in Europe were adjusted during the year to provide access to the equivalent of $19,000,000, an increase of $4,000,000.

Aggregate shareholders' equity amounted to $152,031,000 at December 31, 1971, compared to $141,337,000 at the end of 1970. This represents a book value per common share of $12.67 at the end of 1971 and $11.68 at the end of 1970.

In the course of the year, $48,000 of the 4½% convertible subordinated debentures due in 1980 and $1,188,000 of the 4½% convertible subordinated debentures due in 1987 were converted into stock. Some 2,775 common shares and 18,823 preferred shares were issued in connection with such conversions. As a result of conversions, sinking fund requirements have been fulfilled on debentures due in 1980 and sinking fund provisions of the 1987 debentures have been fulfilled through 1981 and part of 1982.

Total proceeds received in 1971 from the exercise of stock options covering 1,187 preferred and 33,947 common stock options granted employees in prior years were $739,000.

Sales

Sales from all operations over the past five years were:

($000's)	1971	1970	1969	1968	1967
United States	$261,704	$249,072	$244,671	$219,682	$213,721
Operations outside United States (consolidated)	93,690	89,167	69,015	58,712	60,157
Affiliates outside United States (not consolidated)	50,322	47,967	39,936	34,856	25,467
Total sales of operations outside United States	144,012	137,134	108,951	93,568	85,624
Total worldwide sales	$405,716	$386,206	$353,622	$313,250	$299,345

Income

Sales and net income of affiliated companies, Sybron's equity in the net income of affiliates and the portion thereof not included in consolidated net income were:

($000's)	1971	1970	1969	1968	1967
Sales	$50,322	$47,967	$39,936	$34,856	$25,467
Net income	2,265	4,365	4,102	2,843	1,075
Sybron equity in net income	1,054	2,000	1,614	1,157	478
Not included in consolidated income	622	1,544	1,236	724	107

Notes: Based on fiscal years of affiliates except as to Shinko-Pfaudler Company, Ltd., which is based on years ended September 30. Data for Shinko-Pfaudler reported in past annual reports have been based on years ended March 31.

The net income of affiliates in 1971 is after consideration of provisions described on preceding page.

Subsequent to December 31, 1971, the Corporation's subsidiary, Sybron Overseas Capital N.V., sold $15,000,000 of 8% sinking fund debentures to a syndicate of underwriters. The debentures, which are guaranteed by the parent company, are for further distribution outside the United States and are due in 1987. Proceeds will be used to reduce long- and short-term borrowings and to assure adequate financing overseas.

Dividends

Regular quarterly dividends of $.60 per share on the preferred stock and $.15 per share on the common stock were paid in 1971. These dividends totaled $2,899,000 on the preferred stock and $5,828,000 on the common stock.

Acquisitions

A total of 232,498 common shares were issued in connection with the acquisition of F. B. Leopold, Inc., F. B. Leopold (Canada) Ltd., and three dental laboratories, on a "pooling of interests" basis. The Corporation also acquired Servomex Controls Limited, Crowborough, England for cash of $1,125,000.

Charitable Contributions

Sybron contributed slightly more than $500,000 to educational, charitable and cultural institutions in 1971. Approximately half was given in support of higher education. A substantial portion of the remainder went to United Funds in communities where Sybron has major installations.

Patterson Dental Co.

On August 19, 1971, the U.S. District Court for the Eastern District of Pennsylvania signed a decree under which Sybron must divest itself of Patterson Dental Co., Minneapolis, Minnesota, within three years.

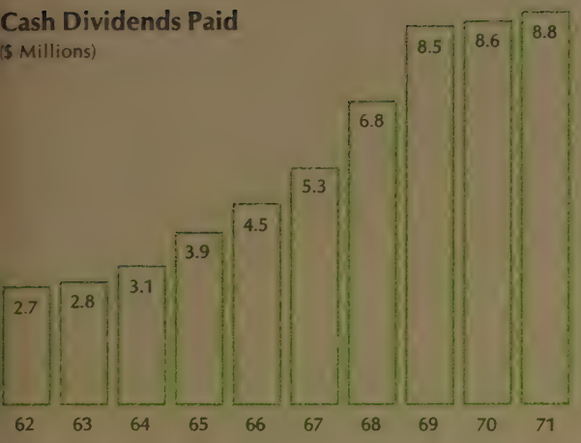
Signing of the decree followed a decision by the Court on June 30 that the acquisition of Patterson by Sybron in 1965 was in violation of Section 7 of the Clayton Act in that it "might substantially lessen competition in the dental equipment market." The case was tried in Philadelphia in October 1969.

On March 9, 1972, Doric Corporation, Oklahoma City, Okla., signed an agreement to acquire Patterson for $20,000,000 in cash. The acquisition is subject to the consent of the U.S. Justice Department and will be submitted to stockholders of Doric for approval on April 27, 1972. Closing of the agreement will be May 1, 1972.

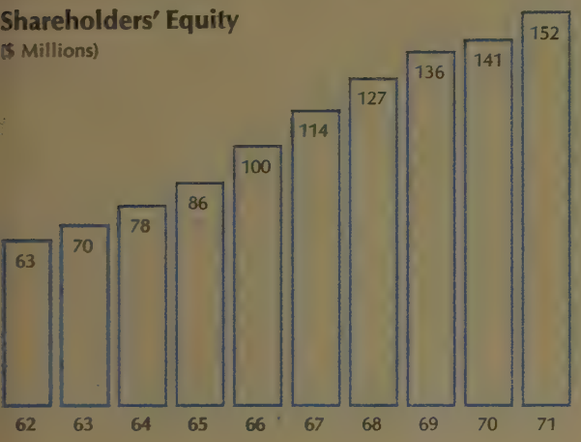
Patterson's 1971 sales and other revenues were approximately $31,500,000 and its net after-tax income approximately $1,000,000.

As a result of the agreement, the Corporation will have cash available for investment purposes, although there are no immediate plans for the funds. The divestiture of Patterson is not expected to have a significant impact on Sybron's operating earnings.

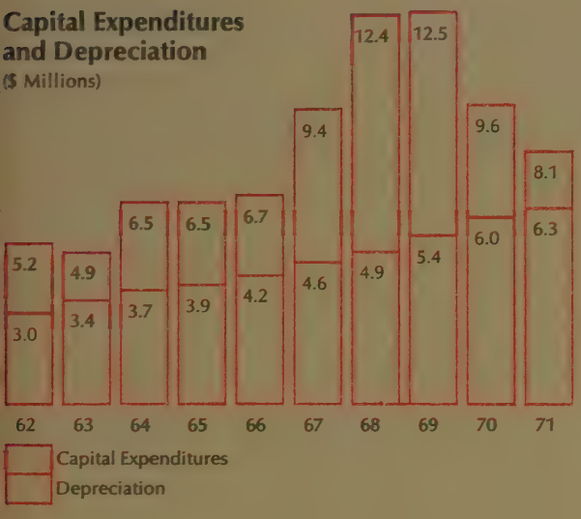
Cash Dividends Paid
($ Millions)



Shareholders' Equity
($ Millions)



Capital Expenditures and Depreciation
($ Millions)



Statement of Income

Sybron Corporation and Subsidiaries

Year Ended December 31,	1971	1970
Sales and other revenue:		
Net sales	$355,394,000	$338,239,000
Interest and finance charges	1,105,000	1,164,000
Dividends, fees and income from associated corporations	1,325,000	1,601,000
Miscellaneous income (net)	1,140,000	1,359,000
Total Revenues	358,964,000	342,363,000
Costs and expenses (including depreciation 1971—$6,342,000; 1970—$5,996,000):		
Cost of goods sold	220,674,000	211,623,000
Selling, administrative, research and development expenses	98,959,000	92,702,000
Interest expense	5,958,000	6,554,000
Total Costs and Expenses	325,591,000	310,879,000
Income before taxes and extraordinary item	33,373,000	31,484,000
Federal, state and foreign taxes on income	15,900,000	15,063,000
Income before extraordinary item	17,473,000	16,421,000
Extraordinary item:		
Expenses and losses incurred or anticipated in connection with the discontinuance of hospital materials-handling system operations in Europe, after reduction for income taxes of $3,400,000		3,500,000
Net income	$ 17,473,000	$ 12,921,000
Income per share (see Note):		
Income before extraordinary item	$1.48	$1.38
Extraordinary item		.36
Net income	$1.48	$1.02

Note: Income per share amounts are computed by dividing net income and income before extraordinary item (after deducting dividends on preferred stock) by the average number of common and applicable common equivalent shares outstanding during the respective years.

The information on pages 24 through 28 is an integral part of these financial statements.

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December 31,	1971	1970
Assets		
Current assets:		
Cash	$ 14,014,000	$ 14,883,000
Accounts, notes and installment receivables net of deferred income and allowance for doubtful accounts	77,587,000	77,752,000
Inventories	103,315,000	100,305,000
Prepaid expenses and other current assets	5,452,000	4,454,000
Accumulated income tax benefits	442,000	1,481,000
Total Current Assets	200,810,000	198,875,000
Investments and other non-current assets:		
Investments in associated corporations	2,679,000	2,464,000
Cost in excess of underlying net asset value of acquired companies	31,224,000	30,950,000
Other non-current assets	2,217,000	2,346,000
Property, plant and equipment, at cost, less allowance for depreciation 1971—$61,323,000; 1970—$56,299,000	65,299,000	63,848,000
Total Assets	$302,229,000	$298,483,000
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term debt	$ 27,183,000	$ 29,365,000
Accounts payable	17,221,000	19,511,000
Preferred stock dividend payable	729,000	718,000
Accrued expenses	26,614,000	25,819,000
Customer advances	3,959,000	5,848,000
Estimated taxes on income	8,880,000	8,259,000
Total Current Liabilities	84,586,000	89,520,000
Long-term debt	57,111,000	60,921,000
Other non-current liabilities	8,501,000	6,705,000
Total Liabilities	150,198,000	157,146,000
Shareholders' equity:		
Preferred stock, $4.00 par value—authorized 1,835,754 shares, outstanding 1971—1,216,351 shares; 1970—1,196,553 shares (involuntary liquidation value 1971—$26,760,000; 1970—$26,324,000)	4,865,000	4,786,000
Common stock, $2.50 par value—authorized 20,000,000 shares, outstanding 1971—9,885,199 shares; 1970—9,848,139 shares	24,713,000	24,620,000
Additional paid-in capital	12,579,000	10,779,000
Retained earnings	109,874,000	101,152,000
Total Shareholders' Equity	152,031,000	141,337,000
Total Liabilities and Shareholders' Equity	$302,229,000	$298,483,000

The information on pages 24 through 28 is an integral part of these financial statements.

Statement of Retained Earnings

Sybron Corporation and Subsidiaries

Year Ended December 31,	1971	1970
Balance at beginning of year:		
As previously reported		$95,679,000
Retained earnings of companies acquired on a "pooling of interests" basis		1,193,000
Adjusted balance, beginning of year	$101,152,000	96,872,000
Net income for the year	17,473,000	12,921,000
	118,625,000	109,793,000
Dividends paid by:		
Sybron Corporation:		
Preferred stock	2,899,000	2,868,000
Common stock	5,828,000	5,651,000
Companies acquired prior to acquisition	24,000	122,000
Total	8,751,000	8,641,000
Balance at end of year	$109,874,000	$101,152,000

Statement of Changes in Additional Paid-in Capital

Year Ended December 31,	1971	1970
Balance at beginning of year:		
As previously reported		$ 10,844,000
Adjustments relative to companies acquired on a "pooling of interests" basis		(501,000)
Adjusted balance, beginning of year	$ 10,779,000	10,343,000
Excess of proceeds over par value of common and preferred shares issued under stock options	649,000	623,000
Excess of principal amount of debentures over the par value of shares issued in conversion	1,151,000	190,000
Other transactions		(377,000)
Balance at end of year	$ 12,579,000	$ 10,779,000

The information on pages 24 through 28 is an integral part of these financial statements.

Statement of Changes in Financial Position

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Year Ended December 31,	1971	1970
Source of working capital:		
Income before extraordinary item	$17,473,000	$16,421,000
Add (deduct):		
Depreciation charged to income	6,342,000	5,996,000
Equity in undistributed earnings of affiliated companies	(207,000)	(249,000)
Working capital provided from operations	23,608,000	22,168,000
Issuance of long-term indebtedness	9,090,000	13,563,000
Capital changes:		
Proceeds from exercise of options	739,000	731,000
Conversion of subordinated debentures	1,233,000	213,000
Increase in non-current liabilities	1,796,000	679,000
Total	36,466,000	37,354,000
Use of working capital:		
Capital expenditures (net of retirements and including capital assets of companies acquired for cash)	7,793,000	8,826,000
Repayment of debt including conversion of subordinated debentures into stock	12,900,000	7,727,000
Cash dividends paid	8,751,000	8,641,000
Increase in other non-current assets	153,000	(819,000)
Loss on discontinuance of hospital materials-handling system operations in Europe		3,500,000
Other capital transactions		377,000
Total	29,597,000	28,252,000
Increase in working capital	$ 6,869,000	$ 9,102,000
Analysis of changes in working capital:		
Increase (decrease) in current assets:		
Cash	$ (869,000)	$ 2,534,000
Receivables	(165,000)	5,282,000
Inventories	3,010,000	9,947,000
Other current assets	(41,000)	2,210,000
Total	1,935,000	19,973,000
Increase (decrease) in current liabilities:		
Short-term debt	(2,182,000)	2,482,000
Accounts payable and accrued liabilities	(1,495,000)	10,793,000
Other current liabilities	(1,257,000)	(2,404,000)
Total	(4,934,000)	10,871,000
Increase in working capital	$ 6,869,000	$ 9,102,000
Current ratio	2.4 to 1	2.2 to 1

The information on pages 24 through 28 is an integral part of these financial statements.

Summary of Accounting Practices

The accounting practices of the Corporation are as follows:

Consolidation
The financial statements include the accounts of the Corporation and its subsidiaries. Intercompany balances, sales and profits are eliminated in the consolidated financial statements.

Affiliated Companies
The Corporation records the investment in 50% owned affiliates on the equity basis and includes in income its equity in the net income of the affiliates.

Inventories
Inventories are valued at cost (standard costs approximating actual, first-in, first-out, and at one division on a last-in, first-out basis) and are not in excess of market.

Translation of Foreign Currencies
Financial statements of subsidiaries outside the United States are translated into U.S. dollars as follows:

Assets and liabilities other than property, plant and equipment and related depreciation allowances are translated at approximate year-end exchange rates. Property, plant and equipment and related depreciation allowances are translated at exchange rates in effect at the times such assets were acquired.

Income statement amounts are translated at approximate average rates in effect during the year except for depreciation charges which are translated at exchange rates applicable to the cost of the related assets.

Depreciation
The cost of property, plant and equipment is generally depreciated on the straight-line method based on the estimated lives of the assets.

Research and Development Expenses
Research and development expenditures related to future and present products of the Corporation are charged to operations as incurred.

Investment Tax Credits
Investment tax credits are accounted for on the "flow-through" method. Benefits from such credits are realized in the year such credits are taken for income tax purposes.

Cost in Excess of Underlying Net Asset Value of Acquired Companies
Total cost in excess of underlying net asset value of companies acquired prior to 1971 is not being amortized because, in the opinion of the Corporation, it has continuing value. In accordance with a recent pronouncement of the Accounting Principles Board of the American Institute of Certified Public Accountants, the Corporation amortizes the cost in excess of underlying net asset value applicable to companies acquired after 1970.

Opinion of Independent Accountants

To the Shareholders and the Board of Directors of Sybron Corporation

In our opinion, the statements appearing on pages 20 through 23 of this report present fairly the financial position of Sybron Corporation and its subsidiaries at December 31, 1971 and 1970, the results of their operations and the changes in financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

1200 Midtown Tower
Rochester, New York 14604
February 16, 1972
(except for the last paragraph of the note entitled Long-Term Debt, for which the date is March 1, 1972 and the last paragraph of the note entitled Miscellaneous, for which the date is March 9, 1972)

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Consolidation

The financial statements include the accounts of Sybron Corporation and its subsidiaries.

During 1971 the Corporation acquired F. B. Leopold Company, Inc., F. B. Leopold Company (Canada) Ltd., and three dental laboratories for 232,498 shares of common stock. Such acquisitions have been accounted for on a "pooling of interests" basis. The financial statements for 1970 have been restated to include these companies, with net sales and net income for that full year being increased by $5,015,000 and $329,000, respectively. The 1971 operations of these companies reported in the Statement of Income include net sales of $3,385,000 and net income of $306,000 attributable to the partial periods of the year prior to the acquisition dates.

The Corporation also acquired Servomex Controls Limited in 1971 for cash. The acquisition was accounted for on the purchase method and the results of operations of Servomex are included in the Statement of Income from November 1, 1971. The total purchase price of $1,125,000 exceeded the underlying net assets of the company at the acquisition date by $276,000, which amount is being amortized over a thirty-year period.

Included in the caption "Investments in Associated Corporations" in the Statement of Financial Position is the Corporation's 50% ownership in several foreign companies carried at underlying net asset value at December 31, 1971 of $1,352,000. The Corporation's interest in the net income of these companies is included in the Statement of Income under the caption "Dividends, Fees and Income from Associated Corporations." Also included in the caption "Investments in Associated Corporations" is the Corporation's 45% interest in Shinko-Pfaudler Company, Ltd., a Japanese affiliate, which is carried at cost of $1,327,000. Dividends received from Shinko-Pfaudler of $191,000 are included in the caption "Dividends, Fees and Income from Affiliated Companies" in the Statement of Income. The Corporation's equity in the undistributed net income of Shinko-Pfaudler for the year ended September 30, 1971 was $515,000 and is not included in the Statement of Income.

An amount of $561,000 representing net translation gains on foreign currency accounts, less currency exchange losses, has been deferred against possible future currency exchange fluctuations and is included in the caption "Other Non-Current Liabilities" in the Statement of Financial Position at December 31, 1971.

Consolidated income before extraordinary item for 1971 and 1970 includes $7,454,000 and $7,451,000, respectively, applicable to operations outside the United States of subsidiaries and 50% owned affiliates. The Statement of Financial Position includes the following net assets of subsidiaries and 50% owned affiliates located outside the United States:

	1971	1970
Net current assets	$32,302,000	$25,433,000
Properties (net) and other non-current assets	28,866,000	26,052,000
	61,168,000	51,485,000
Less—Long-term debt and other non-current liabilities	15,365,000	7,656,000
Net Assets	$45,803,000	$43,829,000

A Swiss subsidiary of the Corporation has discontinued its operations with respect to its materials-handling system for hospitals in Europe. As a result, an extraordinary charge has been provided in the 1970 Statement of Income for the estimated expenses and losses incurred or anticipated with respect to such termination of activities, including the write-off of $984,000 of cost in excess of underlying net asset value applicable to the acquisition of such subsidiary in 1966.

Subsequent to December 31, 1971, the Corporation acquired two dental laboratories, which acquisitions will be accounted for on a "pooling of interests" basis. Had the acquisitions been consummated as of December 31, 1971, the effects thereof on the financial statements of the Corporation would not be significant.

Accounts, Notes and Installment Receivables

Total receivables including amounts due after one year of $6,374,000 and $6,183,000 at December 31, 1971 and 1970, respectively, consisted of:

	1971	1970
Accounts receivable	$71,444,000	$70,083,000
Notes receivable and installment contracts	10,233,000	11,788,000
	81,677,000	81,871,000
Less—Deferred income on installment contracts and other receivables	2,421,000	2,692,000
Allowance for doubtful accounts	1,669,000	1,427,000
Total	$77,587,000	$77,752,000

Inventories

Major classifications of inventory are as follows:

	1971	1970
Raw materials and supplies	$ 30,001,000	$ 25,188,000
Work in process including finished and semi-finished parts	49,709,000	52,097,000
Finished products	23,605,000	23,020,000
Total	$103,315,000	$100,305,000

Property, Plant and Equipment

The major classifications of property, plant and equipment are as follows:

	1971	1970
Land and land improvements	$ 4,838,000	$ 4,622,000
Buildings and building improvements	47,622,000	45,449,000
Machinery and equipment	73,126,000	68,432,000
Construction in progress	1,036,000	1,644,000
	126,622,000	120,147,000
Less—Accumulated depreciation	61,323,000	56,299,000
Total	$ 65,299,000	$ 63,848,000

Long-Term Debt

The long-term debt of the Corporation and its subsidiaries consisted of:

	1971	1970
Notes payable to banks:		
Due 1972-1974	$ 9,167,000	$12,500,000
Due 1974-1977	3,000,000	9,000,000
Due 1973-1976	4,765,000	2,220,000
Amount payable to banks, due 1974 to 1976	6,545,000	
5½% notes due 1973, payable in annual installments of $1,000,000	2,000,000	3,000,000
4½% convertible subordinated debentures due 1980, convertible into common stock at $17.27 a share	509,000	557,000
4½% convertible subordinated debentures due 1987, convertible into preferred stock at $63.00 a share, sinking fund requirements of $212,000 in 1982 and $800,000 annually thereafter to 1986	7,600,000	8,788,000
7½% sinking fund debentures due 1994, sinking fund requirements of $1,250,000 annually from 1977 to 1993	25,000,000	25,000,000
Other long-term debt	3,872,000	6,759,000
	62,458,000	67,824,000
Less—Payments due within one year classified as short-term debt	5,347,000	6,903,000
Total	$57,111,000	$60,921,000

The notes payable to banks due 1972-1974 are payable in quarterly installments with interest at 5¾% to October 1, 1972 and at 6% thereafter.

The notes payable to banks due 1974-1977 are subject to the terms of a revolving credit agreement entered into in 1970 by the Corporation and three commercial banks. The agreement provides for borrowings up to $30,000,000 at the minimum commercial lending rate to July 1, 1972, at that rate plus ¼% to July 1, 1975 and at that rate plus ½% to July 1, 1977. The notes are payable in fifteen quarterly installments beginning January 1, 1974. A fee of ½% per year is payable on the unused balance of the committed funds.

The notes payable to banks due 1973-1976 are subject to the terms of revolving credit agreements between the Corporation and certain foreign banks which provide for guaranteed access to the equivalent of approximately $19,000,000 in different foreign currencies. Commitment fees on the unused balances are at ½% with interest at minimum Euro-market commercial rates. The notes are payable on expiration of the respective agreements.

Amounts payable to banks due 1974 to 1976 are subject to the terms of long-term overdraft facility agreements with two banks in the United Kingdom. A fee of ½% per year is payable on the unused portion of the total amount available, approximately $7,650,000, with interest at ½% to 1½% per year over the banks' base lending rates. The amounts are payable on the expiration of the respective agreements.

Under certain of the long-term debt agreements, there are provisions for restrictions, including restrictions on the payment of cash dividends. At December 31, 1971, under the terms of the most restrictive agreement, $25,561,000 of retained earnings were available for cash dividends.

On March 1, 1972, Sybron Overseas Capital N.V., a wholly owned subsidiary of the Corporation, sold $15,000,000 of 8% sinking fund debentures due March 1, 1987 to a syndicate of underwriters for further distribution outside the United States.

Capital Stock

Changes in the number of preferred and common shares outstanding during 1971 and 1970 were as follows:

	1971	1970
Preferred Stock:		
Balance at beginning of year	1,196,553	1,192,310
Shares issued for:		
Stock options	1,187	2,720
Conversion of debentures due 1987	18,823	1,523
Conversion to common stock	(212)	
Balance at end of year	1,216,351	1,196,553
Common Stock:		
As previously reported		9,570,008
Additional shares issued for companies acquired on a "pooling of interests" basis		232,498
Adjusted balance, beginning of year	9,848,139	9,802,506
Shares issued for:		
Stock options	33,947	38,631
Conversion of debentures due 1980	2,775	7,002
Conversion of preferred stock	338	
Balance at end of year	9,885,199	9,848,139

The preferred stock provides for cumulative dividends at the annual rate of $2.40 per share payable quarterly on January 1, April 1, July 1 and October 1. Each share of preferred stock is convertible into 1.6 common shares and is redeemable at the option of the Corporation after November 1, 1973 at $70.00 per share plus accrued dividends. In the case of voluntary liquidation of the Corporation, each holder of preferred stock is entitled to $70.00 per share, and in the case of involuntary liquidation, to $22.00 per share.

A Stock Option Plan was approved by the shareholders in April, 1966. Under the terms of this plan, options covering 200,000 shares of the common stock of the Corporation could be granted to key employees of the Corporation and its subsidiaries by the Board of Directors at any time during the five-year period ending April 27, 1971. The term of the options may not exceed five years. Options are exercisable to the extent of one-fourth of the total granted each year beginning one year after the date of grant at option prices not less than 100% of the fair market value on the date of grant.

The remaining outstanding stock option obligations of the Corporation's predecessor companies were exercised at prices not less than 100% of fair market value on the dates of grant or expired in accordance with their terms during 1970. The remaining outstanding stock option obligations assumed from the merger of Taylor Instrument Companies into the Corporation are exercisable into preferred stock over a five-to-ten-year period from the dates of grant.

A Stock Option Plan was approved by the shareholders on April 23, 1970. Under the terms of the Plan, options covering 250,000 shares of the common stock of the Corporation may be granted to key employees of the Corporation and its subsidiaries at any time during a five-year period ending April 22, 1975. The purchase price may not be less than the fair market value of the shares subject to the option on the date the option is granted and the term of the options may not exceed five years. Options are not exercisable until after the first year and will then be exercisable subject to the terms of the stock option agreement by which they are granted, in whole or, from time to time, in part. At December 31, 1971 a total of 161,550 unissued common shares were reserved for future grants under this plan.

A summary of the changes during 1971 in outstanding stock options for preferred and common stock is as follows:

	Preferred Stock	Common Stock
Granted and unissued at beginning of year	30,040	182,839
Granted at $36.44 per share		89,350
Cancelled	(75)	(9,082)
Exercised:		
Preferred at $16.17 to $45.25 per share	(1,187)	
Common at $20.16 to $30.88 per share		(33,947)
Granted and unissued at end of year (Preferred at $16.17 to $64.00 per share; Common at $24.00 to $38.56 per share)	28,778	229,160

In addition to the preferred and common shares reserved for the above options, there were 120,642 preferred and 29,473 common shares reserved at December 31, 1971 for the conversion of the remaining outstanding 4½% subordinated debentures due 1987 and 1980, respectively. There were also 2,185,233 common shares reserved at December 31, 1971 for the conversion of preferred stock, including conversion of preferred stock reserved for stock options and bond conversions indicated above. The dilution effect on net income per share assuming full conversion of all debentures and exercise of outstanding stock options would be to decrease net income per share by $.02 in each year.

Miscellaneous

The Corporation has certain deferred compensation agreements. In connection with these agreements, the Corporation has purchased and holds 15,238 shares of common stock at December 31, 1971 at a cost of $311,000 which amount is included in "Other non-current assets" in the Statement of Financial Position. The liabilities with respect thereto are included in "Other non-current liabilities."

The Corporation and its subsidiaries have various pension plans covering eligible employees. The past service liabilities of these plans are being charged to income over varying periods not exceeding forty years. The actuarially computed value of vested benefits for certain of the pension plans exceeded the total applicable assets by approximately $900,000. Total pension costs included in charges to income were $5,841,000 in 1971 and $4,288,000 in 1970.

The Corporation avails itself of accelerated methods of depreciation for income tax purposes. The deferred taxes thus created, which are not material, are charged to income and included in "Other non-current liabilities" in the Statement of Financial Position. Other timing differences between income effects of Corporate reporting and tax reporting result in income tax benefits which are shown on the Statement of Financial Position under the caption "Accumulated income tax benefits." Included in this amount are the tax benefits arising from the 1970 extraordinary charge reduced by deferred taxes which relate to current assets and liabilities in the Statement of Financial Position.

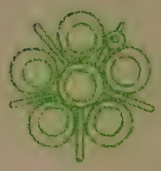
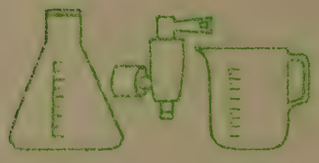
On August 19, 1971, the United States District Court for the Eastern District of Pennsylvania signed a Final Judgment requiring Sybron Corporation to divest itself of Patterson Dental Co. within three years. On March 9, 1972 the Corporation entered into an agreement with Doric Corporation for the sale of Patterson Dental Co. for $20,000,000. Such sale is subject to the consent of the U.S. Justice Department and shareholders of Doric. The Statement of Financial Position at December 31, 1971, includes $11,102,000 of net assets of Patterson. Sales and net income attributed to the operations of Patterson included in the Statement of Income for 1971 were $30,251,000 and $1,026,000, respectively. The Corporation expects to realize an extraordinary gain on the sale in 1972. In the opinion of Sybron no significant impact on operating income is expected to result from the divestiture.

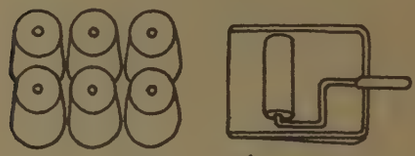
(In $000's—see Note 1)	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962
Net Sales	$355,394	$338,239	$313,686	$278,394	$273,878	$248,120	$214,750	$186,913	$170,472	$151,916
Income before Extraordinary Items	17,473	16,421	17,240	15,315	15,849	14,621	11,697	9,635	7,713	6,447
Extraordinary Items		(3,500)						275		(590)
Net Income	17,473	12,921	17,240	15,315	15,849	14,621	11,697	9,910	7,713	5,857
Depreciation Charges	6,342	5,996	5,420	4,871	4,576	4,245	3,861	3,674	3,370	3,008
Capital Expenditures	8,135	9,635	12,503	12,414	9,430	6,743	6,454	6,516	4,906	5,159
Total Cash Dividends Paid	8,751	8,641	8,517	6,816	5,339	4,493	3,923	3,070	2,827	2,697
Working Capital	116,224	109,355	100,254	76,103	102,520	82,755	74,160	69,493	59,816	55,223
Total Shareholders' Equity	152,031	141,337	136,490	126,693	114,259	99,973	86,414	77,757	70,239	63,284
Income per Share (Note 2)										
Before Extraordinary Items	1.48	1.38	1.47	1.33	1.39	1.33	1.10	.92	.77	.68
Extraordinary Items		(.36)						.03		(.06)
Net Income	1.48	1.02	1.47	1.33	1.39	1.33	1.10	.95	.77	.62
Book Value per Share of Common Stock	12.67	11.68	11.25	10.31	9.27	8.16	7.00	6.15	5.63	5.10
Average Number of Shares Outstanding (000's) (Note 2)	11,791	11,739	11,685	11,549	11,370	10,989	10,611	10,470	9,988	9,478

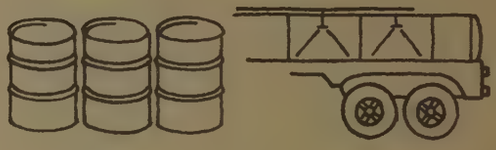
Note 1: Information for the years 1967-1970 has been restated on a comparable basis to 1971. Information for 1966 and prior years is as reported in 1970. All per share amounts and average number of shares outstanding have been restated to reflect all prior stock splits and stock dividends.

Note 2: Computed for 1971, 1970 and 1969 on the basis of net income, after preferred stock dividend requirements, divided by the average number of common and applicable common equivalent shares outstanding during the respective years (1971—9,863,109; 1970—9,827,672 and 1969—9,786,561). Computed for 1968 and prior years on the basis of average shares determined as the sum of (1) the average common shares outstanding and (2) the average number of common shares that would be outstanding if the convertible preferred stock issued and outstanding were converted into common shares at the conversion rate of 1.6 common shares for each preferred share.

Products & Applications



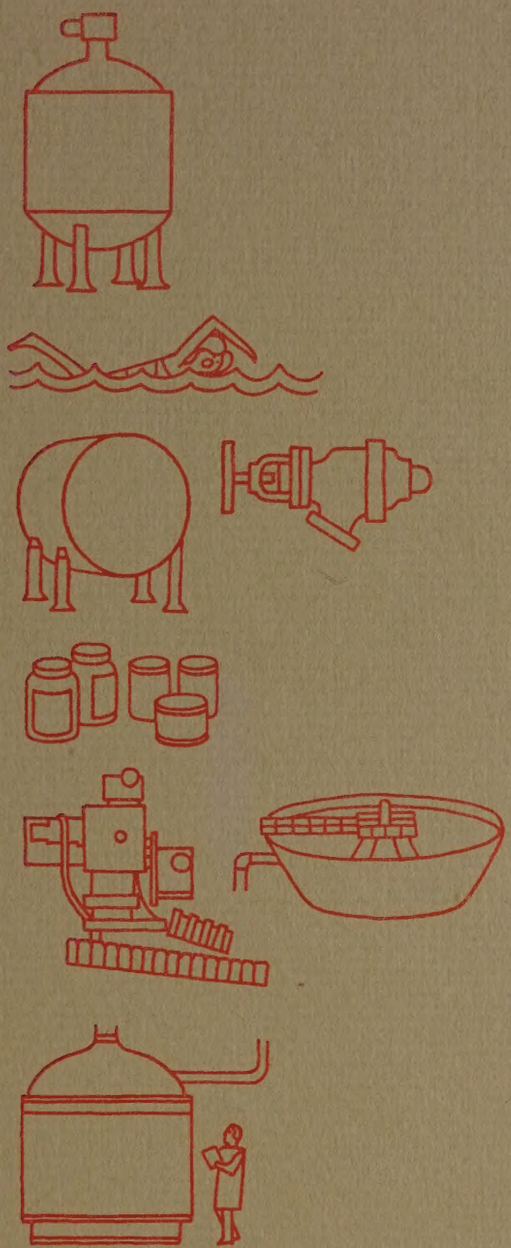


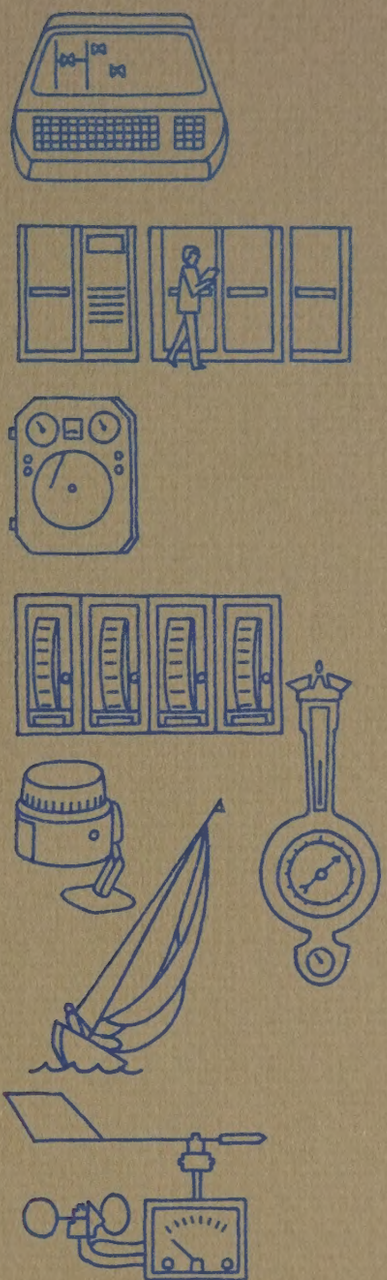
Health Products

- Dental Equipment
  - Chairs, Units, Stools . . .
- Dental Sundries
  - Materials, Instruments, Burs . . .
- Dental Laboratory Services
- Tables
- Lights
- Sterilizers
- Washers
- Electrosurgical Units
- X-Ray Equipment
- Distilling Equipment
- Patient Room Furniture
- Medical Instruments
- Labware
- Laboratory Equipment
  - Hot Plates, Furnaces . . .
- Autoclaves

Chemicals

- Ion Exchange Resins
- Defoamers
- Coagulant Aids
- Textile Chemicals
- Specialty Chemicals
- Bactericides
- Marine Chemicals
- Cleaning Compounds
- Fuel Additives
- Detergents





cess Equipment

Process Equipment
  Reactors, Storage Tanks . . .
Process Machinery
  Filling Machines, Centrifuges . . .
Brewing Equipment
  Lauter Tubs, Malt Cookers . . .
Demineralizers
Filters
Precipitators
Water Treatment Equipment
  Municipal, Industrial . . .
Water/Waste Treatment Systems

Instrumentation

Process Control Systems
Recorders
Transmitters
Controllers
Flow Meters
Timers
Valves
Thermometers
Barometers
Hygrometers
Compasses
Wind Instruments

General Management Organization

Chemical Group

Robert VanIderstine
Group Vice President—Chemical

North America

Gamlen Chemical Company
Marcel Naintré, Chairman
R. Allan Gamlen, President

Gamlen Chemical Company (Canada) Ltd.
Peter N. Gaidis, Acting Manager

Ionac Chemical Company
Dr. Richard M. Klein, President

Jersey State Chemical Co.
Jack R. Siegelbaum, President

Tanatex Chemical Company
Dr. Sidney M. Weinstein, President

Europe

Gamlen Chemical Company
W. Seymour Roques,
Vice President, European Zone

Gamlen Chemie G.m.b.H.
Wilhelm Heine, Manager

Gamlen Chemie (Nederland) N.V.
Simon Lemson, Managing Director

Gamlen Chemical Company (U.K.) Limited
G. F. Russell, Managing Director

Gamlen Chemical Company (Italy) S.p.A.
Eber Bianchi, Managing Director

Gamlen Naintré S.A.
Eric Zahrai, President

Sybron Italia S.p.A.
Resindion Division
Dr. Fabrizio Anselmi,
General Manager

Asia

Gamlen Chemical Company
Lewis M. Ludlow,
Vice President, Far East Zone

Gamlen Chemical Co. (Australasia) Pty. Ltd.
John M. Dunn, Managing Director

Gamlen (Japan) Limited
Richard Coleman, General Manager

Gamlen Chemical Co. (N.Z.) Limited
Robert James, Managing Director

Gamlen (South Africa) Pty. Ltd.
John A. Vorster, Managing Director

Latin America

Gamlen Quimica S.A.I.C.
Carlos Ljungmann, President

Health Products Group

Robert M. Kerr, Jr.
Group Vice President—
Health Products

North America

Castle Company
William D. McGrath, President

Hard Company
William D. McGrath, President

Heritage Laboratories Inc.
Eric H. Zahn, President

Kerr Manufacturing Company
Russell E. Nelson, President

Liebel-Flarsheim Company
John L. Kruetzkamp, President

Patterson Dental Co.
Reaves E. Peters, President

Ritter Company
Joseph Stemler, President

United Dental Supply Corporation
A. LeRoy Brown, General Manager

Europe

Karl Baisch K.G.
Gustav Kircher, General Manager

Drayton Castle Limited
William Palmquist, General Manager

Ritter A.G.
Gustav Kircher, General Manager

Sybron Italia S.p.A.
Kerr Europe Division
Boyd W. Kuieck, General Manager

Latin America

Ritter de Mexico, S.A. de C.V.
Dr. Arsen Yakoubian, President

Instrument Group

Marc E. Porter
Group Vice President—Instrument

North America

Taylor Instrument Companies of Canada Limited
Stanley W. Roe, President

Taylor Instrument Consumer Products Division
P. Austin Bleyler, President

Taylor Instrument of Ohio
Russell C. Brostedt, President

Taylor Instrument Process Control Division
William M. Walters, President

Europe

Sybron Italia S.p.A.
Taylor Instrument Division
H. Fredrikus Brouwer,
General Manager

Taylor Instrument (Belgium) S.A.
Jack Taylor, Manager

Taylor Instrument Companies (Europe) Limited
Ronald Marshall, Managing Director

Taylor Instrument (France) S.A.R.L.
Marcel Godon, General Manager

Taylor Instrument G.m.b.H.
Werner Thomas, Manager

Taylor Instruments (Nederland)
M. G. Green, Manager

Latin America

Taylor Instrument C.A.
Richard H. Miles,
President and General Manager

Taylor Instrument (Mexico) S.A. de C.V.
Salvador Martinez, President

Asia

Taylor Instrument Companies of Australia Pty. Limited
William E. Kirkby, Managing Director

Taylor Instrument Company (India) Ltd.
Geoffrey A. Mead, General Manager

Taylor Instrument Companies of New Zealand Limited
E. S. Lund, Director

Process Equipment Group

P. Stanley Collier, Jr.
Group Vice President—
Process Equipment

North America

AeroChem Research Laboratories, Inc.
Dr. Hartwell F. Calcote, President

Barnstead Company
Henry H. Hadley,
Vice President and General Manager

Erie Scientific Company
H. James Rosenberg, President

Leopold Company
Mark L. Stuppy, President

Nalge Company
Emanuel Goldberg, President

The Permutit Company
Harley R. Derleth, President

The Pfaudler Co.
Jack M. Hultz, President

Thermolyne Corporation
Burton S. Payne, President

Europe

Henry Balfour and Company Limited
William Wood, Managing Director

Pfaudler-Werke A.G.
Alfred Schwab, President

Latin America

Pfaudler Permutit, S.A. de C.V.
Ramon Patuel, President

Sybron Interamericana Indústria e Comércio Ltda.
Carlos Ljungmann, General Manager

Sybron Interamericana S.A.I.C.
Gino Cristallini, Manager

Asia

Shinko-Pfaudler Company, Ltd.
Tsuneo Ichikawa, President

Corporate products, including process equipment, chemicals and health products, are also marketed in the Asian area by:

Sybron Asia Limited
George Warren, General Manager

Sybron (Australia) Pty. Limited
William E. Kirkby, Managing Director

Officers

Donald A. Gaudion
Chairman of the Board and
Chief Executive Officer

William G. vonBerg
President

John C. Gabel
Vice President—
Corporate Development

Elwood W. Geisinger
Vice President—International

Stephen R. Hardis
Vice President—Finance and Treasurer

Curtis W. Howard
Vice President—Industrial Relations

James M. Kieffer
Vice President, Secretary and Counsel

Clifford L. Sherran
Vice President—Human Resources

P. Stanley Collier, Jr.
Group Vice President—
Process Equipment

Robert M. Kerr, Jr.
Group Vice President—
Health Products

Marc E. Porter
Group Vice President—Instrument

Robert VanIderstine
Group Vice President—Chemical

Lawrence R. DeVitis
Vice President—European Area

Alfred O. Ginkel
Area Manager—Asia Area

Ramon Patuel
Vice President

Peter J. Scott
Group Executive—Textile Chemicals

Robert H. Stegemann
Controller

John G. Brummer
Assistant Secretary

Theodore B. Roessel
Assistant Secretary

Joel E. Kocen
Assistant Controller

John M. Mitchell
Assistant Controller

Directors

Mercer Brugler
Retired, Consultant and Former
Vice Chairman of the Corporation

Wilmot R. Craig
President and Chief Executive Officer
Lincoln First Banks, Inc.

J. Wallace Ely
President
Security Trust Company

Sherman Farnham
Partner
Nixon, Hargrave, Devans & Doyle

Donald A. Gaudion
Chairman of the Board

Fred H. Gowen
Principal
MacKay-Shields, Inc.

Alexander D. Hargrave
President
Lincoln Rochester Trust Company

Horace J. McAfee
Partner
Simpson Thacher & Bartlett

Marc E. Porter
Group Vice President—Instrument

Howard L. Richardson
Management Consultant

F. Ritter Shumway
Honorary Chairman of the Board

Hulbert W. Tripp
Investments

William G. vonBerg
President

Corporate Offices:

1100 Midtown Tower
Rochester, New York 14604

Annual Meeting:

Our Annual Meeting of Shareholders will be held in Rochester, New York, on Thursday, April 27, 1972. Official notice and other information with respect to this meeting will be mailed to shareholders.

Transfer Agents:

Common Stock:

Lincoln Rochester Trust Company
Rochester, New York

Chemical Bank
New York, New York

Preferred Stock:

Lincoln Rochester Trust Company
Rochester, New York

The Bank of New York
New York, New York

Registrars:

Security Trust Company
Rochester, New York

Morgan Guaranty Trust Company
of New York
New York, New York

Trustee, Paying and Conversion Agent for Convertible Debentures Due 1980:

Chemical Bank
New York, New York

Trustee, Paying and Conversion Agent for Convertible Debentures Due 1987:

First National City Bank
New York, New York

Trustee and Paying Agent for 7½% Sinking Fund Debentures Due 1994:

Morgan Guaranty Trust Company
of New York
New York, New York

Trustee and Paying Agent for 8% Sinking Fund Debentures Due 1987:

Morgan Guaranty Trust Company
of New York
New York, New York

Shares Traded:

New York Stock Exchange
(Ticker Symbol "SYB")

For More Information on Sybron Corporation, Write:

Secretary
Sybron Corporation
1100 Midtown Tower
Rochester, New York 14604

SYBRON
CORPORATION
1100 Midtown Tower, Rochester, N.Y. 14604